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This Week in Canadian Agriculture, Issue 3 2004

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Report Highlights:

Canada To Allow Fresh Apples From Brazil * WTO Reverses Softwood Lumber Ruling –Weakens Canada's Bargaining Ability * B.C. Introduces New Market-Based Timber Pricing System * Saskatchewan Canola Growers Look To Biodiesel Market * BASF Developing Clearfield Lentils For Canada * CFIA Revises Appendix For Directive D-02-06 On Swede Midge * CFIA Clarifies Directive D-97-04 Pertaining To Amendments On Import Permits

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Ottawa [CA1]
[CA]

This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives.

Disclaimer: Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

CANADA TO ALLOW FRESH APPLES FROM BRAZIL: The Canadian Food Inspection Agency (CFIA) released a plant health directive this week that details the phytosanitary requirements for the importation of fresh apples from Brazil into Canada. As with other fresh fruit importations from new sources, importation of fresh apples from Brazil is subject to a trial importation period. According to the CFIA, the trial period is required to verify the absence of quarantine pests through product inspection. Since 2002, Canada has had a similar plant directive allowing fresh apple imports from China. U.S. apple exports to Canada reached 112,363 metric tons during MY2002/03 and captured about 77% of Canada's import market for fresh apples. Chinese apple exports to Canada reached only 427 metric tons in the same period, but are expected to increase in future years. Canadian apple growers are concerned about the potential for increased apple imports from nontraditional suppliers, but many in the industry see it as the new reality.

WTO REVERSES SOFTWOOD LUMBER RULING –WEAKENS OTTAWA'S BARGAINING ABILITY: The *Globe and Mail*, in a January 20, 2004 article reported that the World Trade Organization (WTO) Appellate Body has reversed a WTO ruling made last year that bolstered Canada's case in the cross-border softwood lumber dispute with the U.S. The article states that this weakens Ottawa's bargaining hand at a crucial moment in talks to end the 32-month-old battle, as the decision, which cannot be appealed — will make it harder for Ottawa to quash U.S. duties slapped on Canadian softwood lumber through international legal challenges. Canadian Trade Minister Jim Peterson, who played down the appellate decision as a "mixed ruling," said he's canvassing provinces this week to see if they want to make a counteroffer to the last deal proposed by the U.S. Ottawa trade consultant Peter Clark said the latest ruling should drive Canadian industry and provinces to push for a negotiated deal as soon as possible because the alternative is endless legal battles, which recently have eroded Ottawa's case against duties. He said Ottawa's legal score after two years of fighting in the courts is not nearly as good as federal officials had hoped.

B.C. INTRODUCES NEW MARKET-BASED TIMBER PRICING SYSTEM: According to a January 16 news release from the British Columbia (B.C.) Ministry of Forests, B.C. is launching a new market-based timber pricing system for the coastal forest sector, effective February 29, aimed at ensuring competitive stumpage rates that better reflect global markets and local harvesting costs. Timber prices will be based on the results of auctions of standing timber by B.C. Timber Sales, currently 11% of the allowable annual cut, in the Coast Forest Region. When the province-wide timber reallocation is complete, the portion of Crown (B.C.) timber sold at auction through B.C. Timber Sales will be 20%. The results will be used to determine stumpage rates of the remaining 80% of Crown timber harvested by long-term tenure holders. Market based timber pricing is expected to be introduced in the Interior later this year. In addition, there will be changes to the B.C. Forest Act: (1) Updated cut control rules, including elimination of minimum cut control rules so licensees are not forced to cut timber in poor markets, and maintaining maximum cut controls to ensure forests for the future. (2) Elimination of timber processing and appurtenancy requirements to allow licensees to sell timber within B.C., to increase the flow of timber and create more jobs and new opportunities for communities. (3) Enabling tenure holders to transfer or subdivide logging

rights without penalty, to create opportunities for other manufacturers and for innovative forest managers. For more information, visit [www.for.gov.bc.ca/mof/plan]

SASKATCHEWAN CANOLA GROWERS LOOK TO BIODIESEL MARKET: The January 15, 2004 *StarPhoenix* reported that Saskatchewan canola growers are looking at biodiesel as a major future domestic market and their enthusiasm is matched by industry players like Saskatchewan Wheat Pool's (SWP) CEO Mayo Schmidt, who was cited as saying at Crop Production Week's Canola Days that SWP foresees canola being grown specifically for processing into biodiesel fuel for use as an additive for farm and transportation fuel. Schmidt was further cited as praising the creation of the Biodiesel Association of Canada (BAC), newly chaired by young Govan-area canola farmer Brad Hanmer. The group aims to take in other possible agriculture sources of biodiesel including Ontario soybeans and rendered animal fat. BAC's creation was part of the reason Saskatchewan canola growers agreed to a slightly higher check-off fee. The fee would go to the Saskatchewan Canola Development Commission to support research of new varieties.

BASF DEVELOPING CLEARFIELD LENTILS FOR CANADA: A January 16, 2004 article from the *Western Producer* reports that BASF Canada has announced its intention to develop a herbicide tolerant crop for Canadian lentil growers. Clearfield lentils will be created and commercialized in partnership with the University of Saskatchewan's Crop Development Centre and Saskatchewan Pulse Growers. Breeder seed of the crop, which is being developed using traditional plant breeding methods, should be available in 2006, followed by at least three years of seed reproduction.

CFIA REVISES APPENDIX FOR DIRECTIVE D-02-06 ON SWEDE MIDGE: According to a news release from the Canadian Food Inspection Agency (CFIA), Appendix 2 of Directive D-02-06 "Interim Phytosanitary Requirements to Prevent the Entry and Spread of Swede Midge (*Contarinia nasturtii*)" has been revised. Added to the list of regulated areas for Swede Midge are the Toronto, Ontario counties of Hamilton-Wentworth, Waterloo, and Victoria. In Quebec, the city of Laval has been added to the list of regulated areas. D-02-06 is available on the web at: <http://www.inspection.gc.ca/english/plaveg/protect/dir/d-02-06e.shtml>

CFIA CLARIFIES DIRECTIVE D-97-04 PERTAINING TO AMENDMENTS ON IMPORT PERMITS: On January 19, the CFIA issued a revision to the directive that contains policy information on how to apply for a Permit to Import, including the issuance and amending of Permits to Import granted under the authority of Section 32 or 43 of the Plant Protection Regulations. The revision clarifies what constitutes an amendment to an import permit. D-97-04 can be viewed at: <http://www.inspection.gc.ca/english/plaveg/protect/dir/d-97-04e.shtml>

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